



UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

STATEMENT BY

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BEFORE THE
SUBCOMMITTEE ON CRIMINAL JUSTICE,
DRUG POLICY, AND HUMAN RESOURCES
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
HOUSE OF REPRESENTATIVES

MARCH 25, 1999

Mr. Chairman and Members of the Committee, I am pleased to appear before you today to discuss some of the Office of Inspector General's work related to the Department of Commerce's—particularly the International Trade Administration's—efforts to promote U.S. exports. Much of our work within ITA has concentrated on the U.S. and Foreign Commercial Service—the Department's largest, and most visible, export promotion unit. My testimony will also include OIG observations relevant to export promotion efforts by other parts of ITA and other agencies within the Department. And finally, I will briefly highlight some of our observations on how certain trade promotion activities are—or should be—coordinated among the various federal agencies with export promotion responsibilities.

International trade is vital to the health of our nation's economy. As reported in the Trade Promotion Coordinating Committee's (TPCC) 1997 National Export Strategy, exports support over 11 million U.S. jobs, including one in five manufacturing jobs. In

1998, the U.S. exported \$931 billion in goods and services. However, the nation's 1998 trade deficit, as reported by the Census Bureau, was \$169 billion, which resulted from a \$248 billion deficit in goods and a \$79 billion surplus in services. More recent figures suggest that the nation's trade deficit continues to climb.

Obviously, there are many macro- and micro-economic forces, as well as other factors, that have an impact on the trade deficit. While leaving that debate to the expert economists, policy-makers, and others, I do believe that we in the OIG have seen more than enough to convince us that—notwithstanding some significant and lingering concerns—the Department of Commerce, for its part, is aggressively promoting U.S. exports. Through our hundreds of interviews with U.S. exporters, countless meetings and discussions with representatives from private and public trade organizations, inspections of scores of US&FCS domestic and foreign offices, audits and evaluations of many ITA operations and activities, and coordinated and joint efforts with the General Accounting Office and other reviewers, we have observed that ITA has accomplished much in the area of export promotion. Foremost, we have found that U.S. firms and potential exporters, as well as representatives from various organizations, such as trade associations and state and local governments, are increasingly acknowledging ITA's efforts to help U.S. companies better compete in the global economy. ITA is doing this by (1) providing U.S. firms with an awareness of export opportunities, (2) offering a wider range of services and support at its domestic and overseas offices, and (3) pursuing an effective government-wide strategy for export promotion activities.

INTERNATIONAL TRADE ADMINISTRATION: COMMERCE'S PRIMARY TRADE AGENCY

The Commerce Department's International Trade Administration leads the federal government's efforts to promote and increase U.S. exports. Three units spearhead ITA's trade promotion efforts: Market Access and Compliance (MAC)¹, U.S. and Foreign Commercial Service (US&FCS), and Trade Development (TD). Import Administration (IA), ITA's fourth unit, primarily enforces laws and agreements to prevent unfairly traded imports into the United States.

MAC staff help U.S. businesses overcome barriers to international trade and investment. Country specialists for nearly 200 countries develop current and long-term market access strategies. MAC also provides information that enables U.S. firms to benefit from trade agreements that the United States has concluded in recent years. **US&FCS** is a global network of business specialists assisting U.S. exporters in more than 220 cities located worldwide in the United States and in 78 foreign countries. Markets in the countries where US&FCS staff are posted reportedly represent more than 95 percent of the world market for U.S. exports. In the United States, US&FCS operates a "hub-and-spoke" network of 100 Export Assistance Centers, which offer companies a range of export facilitation services. (There will be an expanded discussion of US&FCS in a later section of this testimony.) **TD** industry specialists work with manufacturing and service industry associations and firms to identify trade opportunities and obstacles by product or service, industry sector, and market. To assist U.S. businesses in their export efforts, TD supports trade missions, trade fairs, and marketing seminars. Industry specialists are organized into six major sectors: Technology and Aerospace Industries; Basic Industries;

¹Formerly known as "International Economic Policy."

Textiles, Apparel, and Consumer Goods Industries; Tourism Industries; Service Industries; and Environmental Technologies Exports. Also housed within TD is the Advocacy Center.

Effective advocacy in support of U.S. exporters and U.S. trade interests is extremely important. Before the National Export Strategy was developed, however, high-level advocacy efforts tended to be somewhat *ad hoc*. ITA has since established an Advocacy Center, with specific goals to institutionalize ITA's advocacy process and conduct its advocacy efforts in a more organized and coordinated manner. In January 1997, we completed a review of the Advocacy Center to determine whether its resources were being used in the most effective, efficient, and economical manner. During the early part of our review, we found that the Department claimed that as a result of its efforts during fiscal years 1995 and 1996, it had contributed to the potential export of about \$36 billion of goods and services. Unfortunately, at the time of our review, much of the documentation for the claimed exports was lacking. We recommended corrective actions, and are pleased to report that substantial improvements were made. As a result, the Center was able to provide at least minimal documentation for the vast majority of claims made for exports supported during the two years under review.

The Advocacy Center has received praise from U.S. businesses for its responsiveness and resourcefulness. Nevertheless, we have encouraged ITA managers to continuously assess the impact of advocacy activities by asking: (1) What constitutes an advocacy success? (2) At what point should a success be claimed? and (3) What role did the U.S. government play? As a result of our 1997 review and subsequent inquiries, we believe that ITA has taken a more conservative approach in determining an advocacy success. An advocacy success is now defined as "Assisting a company—or companies—in a significant manner and to such a degree that after a requesting company is awarded a

procurement or contract—which will result in U.S. exports of goods or services—the company is willing to acknowledge the USG assistance as integral to its success.” ITA now seeks confirmation of successes from the U.S. company assisted, particularly the value of the U.S. content and the number of jobs supported or created. In addition, Advocacy Center management scrutinizes advocacy successes claimed to determine whether they should be considered a success or not, taking into account factors such as the contractual commitment, the company’s opinion of the buyer’s commitment, and the degree to which advocacy was provided. Such efforts should go a long way toward providing insights—and perhaps more concrete evidence—to those who question whether the Department has in fact helped U.S. firms increase their exports.

The **IA** enforces laws and agreements to prevent unfairly traded imports and to safeguard jobs and the competitive strength of American industry. Unfair foreign pricing and government subsidies distort the free flow of goods and adversely affect American business in the global marketplace. IA plays an important role in improving U.S. businesses’ competitive positions by administering U.S. antidumping and countervailing duty laws that provide a remedy to domestic industries injured by unfairly traded imports; participating in negotiations to promote fair trade in specific sectors, such as steel, aircraft, and shipbuilding; and implementing the laws concerning foreign trade zones.

As we conduct our reviews of ITA operations and activities, we frequently ask this question: How can ITA more effectively and efficiently pursue its export promotion responsibilities? While acknowledging that some improvements have been made in ITA’s general management and coordination among its units, additional attention is still warranted in some key areas. As our recent evaluation highlights, some of the unresolved issues associated with ITA’s management of its programs and operations can be traced to periodic voids in high-level leadership positions. Overwhelmingly, the ITA

officials, managers, and employees that we interviewed spoke of these frequent periods when “acting” officials were in charge. Our recent observations parallel earlier findings by GAO and the OIG. Too often the Under Secretary position has been vacant and the Deputy Under Secretary has had to fill in, while attempting to concurrently perform his own job. Notwithstanding the frequent vacancies, we have recommended that ITA recognize the importance of effectively managing the agency, provide clear guidance and direction to each ITA unit to prevent overlap and duplication, and insist that adequate cooperation and coordination exist between ITA units.

One particular and, unfortunately, long-standing concern of ours is that ITA’s organizational structure, as it has been managed, has encouraged a fragmented and often duplicative approach to providing trade promotion services. Realizing the agency’s organizational problems, both the previous and the current Under Secretary have prepared reorganization proposals in response to these problems. While the reorganization proposals are reportedly under consideration, we have recommended that ITA, at a minimum, aim to (1) reduce overlapping administrative and programmatic functions, and (2) remove organizational barriers that inhibit internal coordination and cooperation. We have also provided ITA with a range of other observations and recommendations to improve its critical administrative and financial management operations.

U.S. AND FOREIGN COMMERCIAL SERVICE: ITA’S LARGEST AND MOST VISIBLE EXPORT PROMOTION UNIT

In 1993, we issued a major report detailing our assessment of Commerce’s efforts to help U.S. firms meet the export challenges of the 1990s. This comprehensive review was

conducted partially in response to the Omnibus Trade and Competitiveness Act of 1988. In recognition of the importance of the US&FCS role in support of the nation's export promotion efforts and the need for this role to be efficiently and effectively managed, the act specifically requires our office to conduct periodic reviews of Commercial Service operations and report our findings to the Congress. Through our work, we have conducted audits, inspections, and evaluations of various aspects of US&FCS, including:

- (1) Inspections of domestic field offices;
- (2) Reviews of individual overseas commercial posts;
- (3) Audits of foreign service personnel system operations;
- (4) Program evaluations of the US&FCS's Export Assistance Program in the early stages of its development; and
- (5) Other reviews that have targeted a variety of management and programmatic issues.

By focusing much of our work on ITA's domestic and foreign field offices that work most directly with small and medium sized U.S. exporters, we have been able to monitor first-hand one critical performance measure—customer satisfaction. We have also noted concerns at individual field offices and overseas posts, some of which appear systemic and could affect the quality of US&FCS's products and services.

Just last week, we issued a report updating our earlier assessment of the Department's export promotion efforts and highlighting some of the other challenges facing Commerce managers as they continue to enhance their export promotion activities. (See Attachment for a listing of relevant reports issued since 1993.) In conducting both the 1993 study and our most recent review, we attempted to address two primary questions: (1) What is

US&FCS doing to meet the objectives established in the Omnibus Trade and Competitiveness Act of 1988? and (2) Are U.S. exporters, as well as potential exporters, being well served by the Department of Commerce?

It has long been clear to us that both congressional and executive branch officials have recognized the need for the Department of Commerce to concentrate its efforts on helping individual U.S. exporters be prepared to compete more effectively and successfully in the global marketplace. This direction is clearly stated in the Omnibus Trade and Competitiveness Act of 1988, which states, in pertinent part, that:

“The Commercial Service shall place primary emphasis on the promotion of exports of goods and services from the United States, particularly by small businesses and medium-sized businesses, and on the protection of United States business interests abroad by carrying out activities such as—

(1) identifying the United States businesses with the potential to export goods and services and providing such businesses with advice and information on establishing export businesses;

(2) providing United States exporters with information on economic conditions, market opportunities, the status of the intellectual property system in such country, and the legal and regulatory environment within foreign countries;

(3) providing United States exporters with information and advice on the necessary adaptation of product design and marketing strategy to meet the differing cultural and technical requirements of foreign countries;

(4) providing United States exporters with actual leads and an introduction to contacts within foreign countries;

(5) assisting United States exporters in locating reliable sources of business services in foreign countries;

(6) assisting United States exporters in their dealings with foreign governments and enterprises owned by foreign governments; and

(7) assisting the coordination of the efforts of state and local agencies and private organizations which seek to promote United States business interests abroad so as to maximize their effectiveness and minimize the duplication of efforts.”

Given the specificity of the Trade Act’s objectives, it is no surprise that much of our work has concentrated on how well US&FCS is fulfilling its trade promotion responsibilities.

The Act, for example, directs that US&FCS should identify potential U.S. exporters and assist them in establishing export businesses. The Commercial Service publishes and disseminates guides on how to establish export businesses and trading companies. Through our review of individual ITA domestic and foreign field offices, we have seen that US&FCS offices also participate in "how to export" seminars with the Small

Business Administration, state and local agencies, and others. At the same time, US&FCS has determined from experience and a strategic study that it should concentrate its limited resources on identifying and assisting small and medium sized export-ready firms.

Another key provision of the Act directs that US&FCS provide U.S. businesses with market-specific research information. We have found that US&FCS collects and disseminates a vast amount of trade-related information to help U.S. firms and exporters. The National Trade Data Bank is one tool used by US&FCS to disseminate valuable trade information to U.S. firms in weighing the export opportunities and risks associated with a particular market. Additionally, US&FCS prepares assessments of the host country's economy and future prospects. Much of this information is published in US&FCS country commercial guides, which contain comprehensive trade-related information. Likewise, its International Market Insights reports on upcoming opportunities in specific foreign markets and its Industry Sector Analyses are available to provide in-depth, structured reports on a broad range of industries.

A third objective states that US&FCS should provide information on adapting products and marketing strategies to each country's unique requirements. US&FCS does this in a variety of ways, including conducting seminars and briefings, providing individual counseling, responding to direct company inquiries, issuing periodicals, and conducting customized market research. Our recent overseas inspections have frequently shown that the overseas posts are most helpful in responding to individual requests for specific information. Through its Customized Market Analyses service, for example, the US&FCS can provide clients with candid assessments of how their products or services will likely sell in a given market.

Another specific objective, number four, really gets to the substance of what many U.S. firms need and want: actual trade leads and an introduction to key contacts in a foreign country. US&FCS fulfills this requirement in a variety of ways, most notably through its Gold Key Service, Agent/Distributor Service, Matchmaker Program, and International Buyer Program. During various OIG inspections of the U.S. Export Assistance Centers and at overseas FCS posts, many clients have told us that the Gold Key Service is one of the most valuable export assistance products or services available. With this service, US&FCS trade specialists in a target country will match U.S. exporters with carefully prescreened contacts with similar interests and objectives.

A fifth objective of the 1988 Act asks the US&FCS to help U.S. exporters find business services in foreign countries. Commerce foreign service officers, assisted by a corps of knowledgeable foreign service nationals, are generally effective in developing contacts with local providers of business services, such as translations, banking support, legal support, customs facilitations, and conference facility assistance. Additionally, US&FCS's commercial centers overseas provide short-term office space and business services to U.S. businesses at selected locations.

A sixth objective calls for the US&FCS to "advocate" on behalf of U.S. firms before host government officials. Commercial specialists overseas develop working relationships with foreign governments as a matter of course. They also have contact with ministers of commerce and other local government officials. Additionally, with the added attention that is sometimes given to export promotion by other U.S. government agencies, such as Agriculture, USAID, and State, overseas embassies often help U.S. businesses by directing them to the appropriate host-country contacts.

And finally, a seventh objective looks to leverage US&FCS efforts by encouraging the effective use of public and private sector partnerships. This objective is carried out in part by US&FCS's domestic network of export assistance centers. Some of the centers collocate US&FCS trade specialists with representatives from the Small Business Administration and Export-Import Bank. We have seen first-hand that US&FCS also fulfills this requirement through its formal and informal arrangements with other trade organizations—often referred to as multipliers or partners. These organizations include chambers of commerce, district export councils, trade associations, state and local governments, and other public or private international trade development groups. When these partnerships work as expected, we have found that they are effective in promoting U.S. exports. In addition, US&FCS's overseas Commercial Centers often partner with and, in some cases, collocate with state offices of economic development, other federal trade-related agencies, and federal grant recipients, such as the grantees in ITA's Market Development Cooperator Program. Lastly, the domestic network of District Export Councils are designed to provide assistance and advise US&FCS staff in domestic offices on relevant trade issues. US&FCS has an infrastructure in place to deliver on this objective. However, we have found in some cases that the domestic offices are not proactive with their outreach efforts. In other cases, we have noted that some export councils and partner organizations are actively engaged with their respective US&FCS domestic offices.

In summary, the US&FCS is the Department's principal and most visible export promotion organization. With a global network, US&FCS is strategically located in more than 220 cities worldwide to assist U.S. exporters, including offices (1) in 78 countries, which reportedly represent more than 95 percent of the world market for U.S. exports, and (2) a domestic "hub-and-spoke" network of export assistance centers.

OTHER DEPARTMENT OF COMMERCE UNITS ALSO SUPPORT TRADE PROMOTION ACTIVITIES

The primary mission of the Department of Commerce is to promote American economic security by helping U.S. businesses become more competitive. The Department seeks to fulfill this mission, in part, *by improving the international trade climate for American business and industry*, promoting the expansion of industrial research and development, and providing accurate census data and useful economic forecasts.

Although ITA is clearly the lead departmental agency in the area of trade promotion, it is not the only Commerce agency that plays a role in the advancement of U.S. exports. Several other agencies within the Department participate—both directly and indirectly—in export promotion activities and related trade policy matters.

The National Institute of Standards and Technology, for example, plays a key role in ensuring that U.S. firms have a competitive opportunity, if not an advantage, in the global marketplace through its work on foreign and domestic measurement and standards issues. NIST currently has standards representatives in Saudi Arabia, Belgium, Mexico, Brazil, and India. Placing a standards representative in a foreign market provides NIST the opportunity to negotiate, collect information, and influence technical trade processes. The Deputy Secretary of Commerce emphasized the importance of standards in a recent publication where he states: *“Effective participation in the international standards arena has become a prerequisite for competitiveness in the global marketplace.”* During several overseas US&FCS post inspections, we have witnessed the value or potential value that NIST representatives add or could help to improve the competitive position of U.S. exporters.

Commerce's Economic Development Administration is another agency that can and has played a role in export promotion. EDA provides funding to U.S. communities in support of their international trade activities and to further their eventual economic development. EDA's mission is to generate new jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically distressed areas of the United States. One way EDA accomplishes its mission is through its economic adjustment grants. These grants enable EDA to fund local projects identified by communities impacted by military base closures, contractor cutbacks, and Department of Energy reductions, in an effort to help them diversify their economies and create quality jobs. During our most recent review of the Department's export promotion efforts, we examined four of these grants that were directly related to international trade. While two were issued with the proper coordination, we found for the other two that EDA and ITA had not properly coordinated on these grants to fund local world trade centers. This situation created a degree of confusion for ITA's partners.

In addition, the National Telecommunications and Information Administration has increasingly played an important role in, among other things, reviewing and formulating international telecommunications policies and in promoting the exporting potential of U.S. telecommunications firms. NTIA's Office of International Affairs focuses its activities on advancing competition and liberalizing telecommunications policies around the world. According to NTIA, its efforts to improve U.S. competitiveness in foreign markets include participating in international government-to-government negotiations to open markets for U.S. companies, and negotiating with foreign governments to ensure that there is adequate spectrum for national defense, public safety, and U.S. business needs.

Unfortunately, despite NTIA's active policy role on international telecommunications issues, cooperation between NTIA and ITA could be significantly improved. In fact, ITA's Office of Telecommunications has its own staff working on many of the same issues as NTIA's staff. We found that there is not only an overlap of duties, but an unclear definition of the roles and responsibilities of each agency with regard to the development and pursuit of telecommunications policy initiatives. We believe that the leadership of both NTIA and ITA need to make it clear that they are committed to working together and leveraging their combined telecommunications and trade expertise to further enhance their individual successes in reducing trade barriers and helping U.S. companies gain a greater share of the worldwide telecommunications market.

Other Commerce agencies, such as the Minority Business Development Agency, the Bureau of Export Administration, the Patent and Trademark Office, and the National Oceanic and Atmospheric Administration, also provide varying degrees of support or assistance in the area of international trade policy and promotion.

COMMERCE HAS THE LEAD FOR THE GOVERNMENT'S TRADE PROMOTION COORDINATING COMMITTEE

The Trade Promotion Coordinating Committee was first created, via a Presidential Memorandum, in May 1990. The Secretary of Commerce was designated as chairman of the TPCC, which included senior-level representatives from 18 federal agencies (now expanded to 20 agencies). The TPCC's mission is to ensure that the federal government is doing all that it can to help U.S. companies, especially small and medium-sized firms, take advantage of the opportunities in the global marketplace.

The TPCC has made some progress toward establishing a government-wide strategy for export promotion activities. In our 1993 report on the Department's trade promotion efforts, we reported concerns about the lack of adequate interagency coordination. Since that review, ITA has established a TPCC Secretariat to improve the coordination between U.S. government agencies on federal trade promotion efforts and to also provide a permanent point of contact for federal or private sector representatives seeking information on TPCC activities. In fiscal year 1998, the TPCC Secretariat was tasked with reviewing the strategic plans of each TPCC agency and, in particular, looking for ways to reduce duplication. As a result of this review, the TPCC developed a set of recommendations aimed at implementing the goals of the National Export Strategy. The recommendations were forwarded by the Secretary to OMB for consideration in the President's fiscal year 1999 budget.

We believe that the TPCC can be an effective tool for better addressing coordination problems between foreign affairs agencies located in missions overseas—problems often found during our reviews of US&FCS posts.

During numerous overseas reviews, we found that coordination and cooperation between US&FCS and other embassy components, such as the U.S. Agency for International Development, Foreign Agricultural Service, Office of Defense Cooperation, Department of State's Economic Section, U.S. Information Service, and U.S. Trade and Development Agency, varied among the posts. Too often, successful interaction, cooperation, and coordination are ad hoc or personality-based. We believe that interagency coordination and communication at overseas posts can be a valuable asset to U.S. exporters. We found during our recent review of the US&FCS operations in China, that the foreign commercial service was working well with the Foreign Agriculture Service. Such a positive relationship aided in assisting not only U.S. agricultural exports, but also U.S.

firms in industries such as food processing equipment. Unfortunately, this is not necessarily the norm.

A lack of coordination among TPCC agencies at posts can result in missed trade opportunities, inefficient operations, and embarrassing overlap and duplication. For instance, during our 1996 inspection of US&FCS Poland, we found that Commerce and USAID representatives at post did not interact well with each other on a programmatic level. USAID funds numerous development projects, has hundreds of contractors who visit developing countries every year, and frequently talks with foreign businesses and government entities. Unfortunately, US&FCS was not kept informed about potential business opportunities or U.S. trade leads. This was also true at other posts we visited. I believe that the TPCC can be used as a tool to encourage greater cooperation, and to increase the synergy between federal agencies overseas to expand trade opportunities.

This completes my statement, Mr. Chairman. I would be pleased to answer any questions you and other Members of the Committee may have.

**Office of Inspector General
U.S. Department of Commerce**

**Audit and Inspection Reports, and Congressional Testimony
on the International Trade Administration's
Trade Promotion Activities**

January 1993 through March 1999

General

1. *Management Improvements Needed to Better Prepare for the Export Challenges of the 21st Century*, Final Inspection Report No. IPE-9904 (March 1999)
2. *ITA's Use of Interagency and Other Special Agreements*, Final Inspection Report No. IPE-10752 (September 1998)
3. *Trade Events: Improvements Needed in Planning and Management*, Final Audit Report No. IAD-9714-8-0001 (December 1997)
4. *Advocacy Center: Achievements Need Better Documentation*, Final Audit Report No. TID-8375-7-0001 (March 1997)
5. *Administrative Activities Should Be Further Streamlined*, Final Audit Report No. TID-7325-6-0001 (July 1996)
6. *Follow-up on Import Administration's Management of the Antidumping and Countervailing Duty Programs*, Final Inspection Report No. IPE-8530 (March 1996)
7. *Import Administration's Management of Anti-Dumping and Countervailing Duty Orders*, Final Inspection Report No. TTD-5540 (September 1994)
8. *Import Administration's Unauthorized Use of Copyright-Protected Software*, Final Inspection Report No. IRM-5513 (March 1993)
9. *Assessment of Commerce's Efforts in Helping U.S. Firms Meet the Export Challenges of the 1990s*, Final Inspection Report No. IRM-4523 (March 1993)

Overseas Posts

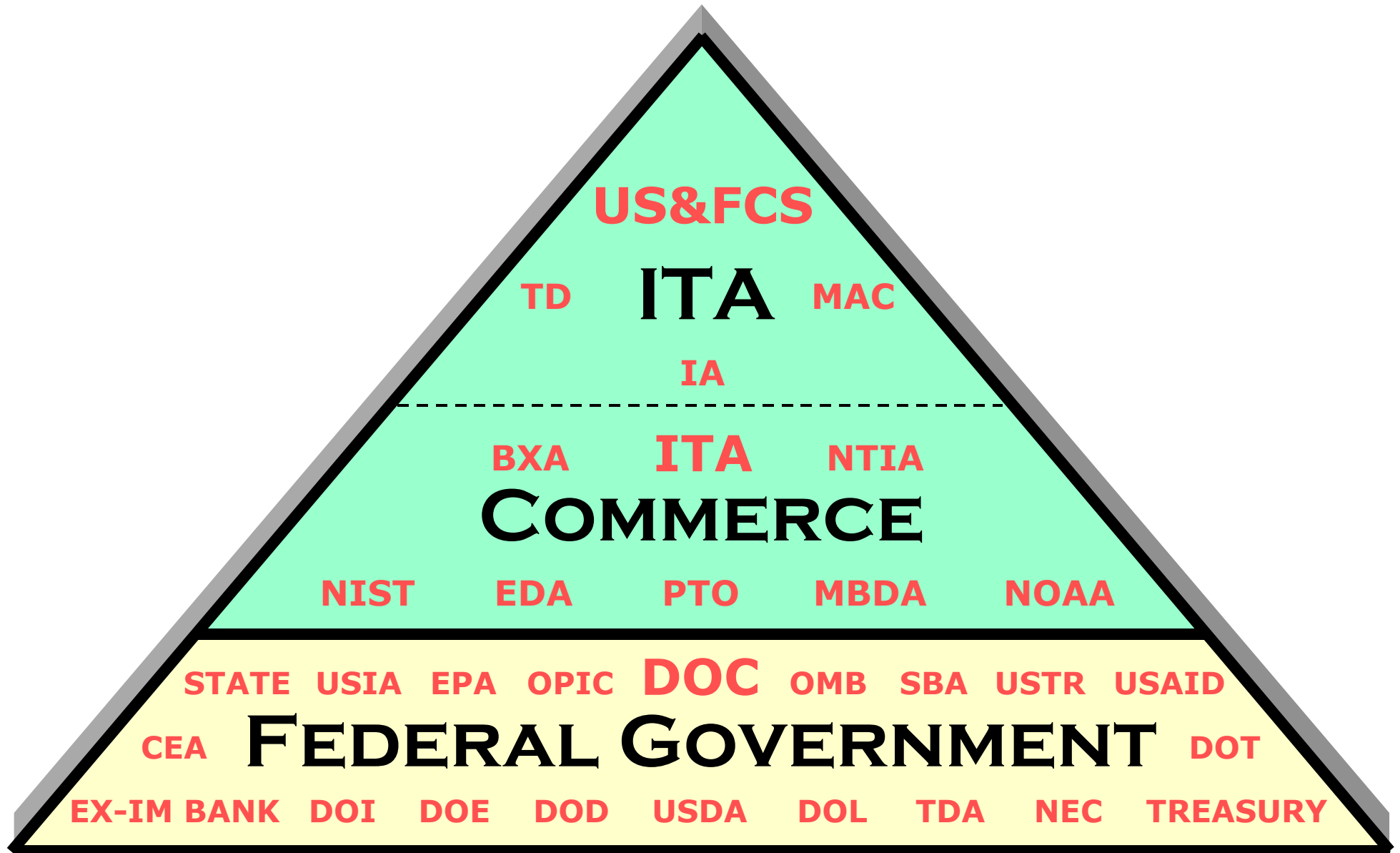
10. *The AIT Commercial Section Needs to Place Greater Emphasis on Trade Promotion and Improve Internal Controls*, Final Audit Report No. BTD-10220 (March 1999)
11. *Portugal is Effectively Providing Services, But Should Strengthen Program Management*, Draft Audit Report No. BTD-10594 (February 1999)
12. *European Union Mission Should Develop a Europe-Wide Commercial Strategy*, Final Audit Report No. BTD-10588 (January 1999)
13. *South Korea Needs to Augment Effective Program with Stronger Internal Controls*, Final Audit Report No. BTD-10221 (January 1999)
14. *USFCS Post in Belgium*, Final Audit Report No. BTD-10595-9-0001 (December 1998).
15. *USFCS Post in Japan*, Final Audit Report No. IAD-10218-8-00001 (September 1998).
16. *USFCS Post in Spain*, Final Audit Report No. IAD-10593-8-0001 (July 1998)
17. *Recent Overseas Inspections Found US&FCS Delivering Services Effectively but Facing Internal Constraints*, Final Inspection Report No. IPE-9178 (September 1997)
18. *USFCS Post in Germany: While Generally Productive, Its Priorities, Resources, and Activities Require Reassessment*, Final Inspection Report No. IPE-9287 (July 1997)
19. *USFCS Post in Indonesia*, Final Inspection Report No. IPE-9285 (May 1997)
20. *USFCS Post in Malaysia*, Final Inspection Report No. IPE-9284 (April 1997)
21. *US&FCS Post in Poland: Effective Post Needs Attention to Certain Management Issues*, Final Inspection Report No. IPE-9288 (April 1997)
22. *US&FCS Post in Thailand*, Final Inspection Report No. IPE-9286 (April 1997)
23. *US&FCS Mexico City Trade Center*, Final Audit Report No. ATL-7788-6-0001 (March 1996)
24. *USFCS Post in Canada*, Final Inspection Report No. IPE-7875 (February 1996)

Export Assistance Centers

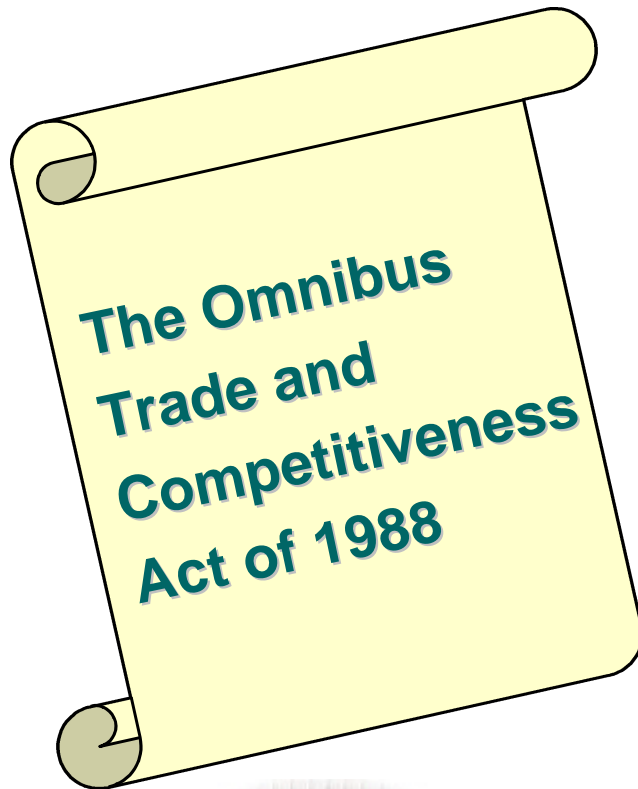
25. *Dallas U.S. Export Assistance Center*, Final Inspection Report No. IPE-11006 (September 1998)
26. *Seattle U.S. Export Assistance Center*, Final Inspection Report No. IPE-11007 (November 1998)
27. Congressional Testimony on U.S. Export Assistance Centers: Johnnie E. Frazier, Assistant Inspector General for Inspections and Program Evaluations, Commerce Office of Inspector General, before the Subcommittee on Procurement, Exports, and Business Opportunities, House Committee on Small Business (July 25, 1996)
28. *USFCS Export Assistance Centers Offer Reason for Optimism, but May Fall Short of Expectations*, Final Inspection Report No. IRM-7130 (March 1996)
29. *Mid-Term Review of US&FCS American Business Centers Shows Mixed Results*, Final Inspection Report No. IRM-6831 (September 1995)

U.S. Department of Commerce

*Playing a Leading Role in
the Federal Government's Export Promotion Efforts*



OIG Mandate to Review Commercial Service Operations

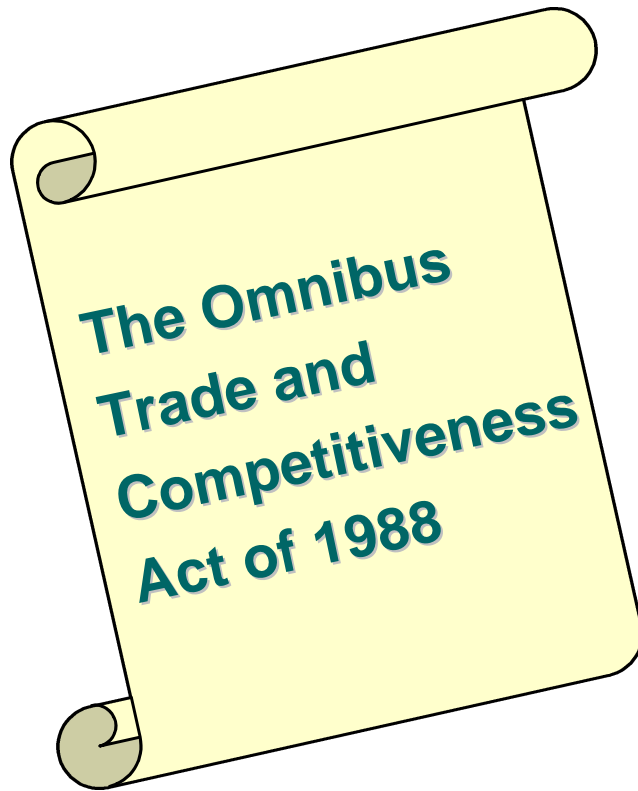


“The Inspector General of the Department of Commerce shall perform periodic audits of the operations of the Commercial Service, but at least once every three years. The Inspector General shall report to the Congress the results of each such audit. In addition to an overview of the activities and effectiveness of Commercial Service operations, the audit shall include:

- (1) an evaluation of the current placement of domestic personnel. . .;**
- (2) an evaluation of the current placement of foreign-based personnel. . .; and**
- (3) an evaluation of the personnel system and its management. . . .”**



Objectives of the Commercial Service



- (1) identifying U.S. businesses with export potential and providing assistance on establishing export businesses;**
- (2) providing U.S. exporters with comprehensive market research;**
- (3) providing U.S. exporters with standards information and market strategies;**
- (4) providing U.S. exporters with trade leads and contacts within foreign countries;**
- (5) assisting U.S. exporters in locating reliable business services in foreign countries;**
- (6) providing U.S. exporters with foreign government advocacy assistance; and**
- (7) assisting the coordination of the export promotion efforts of state and local agencies and private organizations.**

